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SUBJECT: OVERVIEW OF THE EUROPEAN COMMISSION'S 1 BILLION  
EURO FOOD AID FACILITY

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¶1. SUMMARY: In early summer 2008 the European Commission (EC) proposed using leftover agriculture support funds to build a 1 billion Euro (USD 1.3 billion) Food Facility to assist developing countries struggling under the weight of the international food price crisis. However, EU member states later blocked the EC's initial proposal to utilize surplus agriculture support funds, sparking a multi-month scramble for resources within the European Parliament (EP) and Council. Parliament also lobbied for Food Facility funding to be additional to existing resources. Ultimately, member states together with Parliament finalized a 1 billion Euro package on December 18, 2008. Under this agreement, all but 240 million Euro (USD 317 million) that the Commission is providing to the facility comes from existing rather than new funding sources. END SUMMARY.

¶2. The Facility will operate for three years (2009 - 2011). Assistance will focus on emergency-to-development transition periods and target programming to improve:

- access to agricultural inputs, such as fertilizers and seeds, as well as services, such as the provision of vets and advisors;
- small-scale measures aiming at increasing agricultural production, including microcredit, rural infrastructure, and training and support to professional groups in the agricultural sector; and
- safety nets through social transfers to vulnerable population groups.

International organizations will receive roughly half of the anticipated one billion Euro that the EC is making available.

¶3. To date, the Commission has moved 708 million Euro through two

different decisions in 2009. The first tranche, for 314 million Euro, covered 23 countries, including Afghanistan, Bangladesh, Burkina Faso, Burma, Burundi, CAR, DRC, Cuba, Eritrea, Ethiopia, Gambia, Guinea Bissau, Haiti, Honduras, Kenya, Liberia, Mali, Mozambique, Pakistan, Palestine, Philippines, Sierra Leone, and Zimbabwe. Under this decision, the EC has already signed agreements with FAO for 106 million Euro, UNRWA for 39.6 million Euro, and UNICEF for 8.2 million Euro. In addition, it will shortly finalize agreement with WFP for 38.7 million Euro and UNOPS for 10 million Euro. The World Bank, IFAD and UNDP are also expected to receive funding under this decision in the near future.

14. Subsequently, the EC is making available a second tranche worth 394 million Euro, which in turn is divided into two different parcels. The first provides 194 million Euro for projects and programs in 23 developing countries, including Benin, Bolivia, Burundi, Cambodia, Guatemala, Jamaica, Kenya, Kyrgyz Republic, Laos, Lesotho, Madagascar, Mozambique, Nepal, Nicaragua, Niger, Palestinian Territories, Philippines, Senegal, Somalia, Sri Lanka, Togo, Yemen and Zambia. The second, valued at 200 million Euro and launched on May 26, 2009, will be for non-state actors such as NGOs and

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cover 35 developing countries, including Benin, Bolivia, Burundi, Cambodia, Guatemala, Jamaica, Kenya, Kyrgyz Republic, Laos, Lesotho, Madagascar, Mozambique, Nepal, Nicaragua, Niger, Palestine, Philippines, Senegal, Somalia, Sri Lanka, Togo, Yemen, and Zambia. The first 314 million Euro and second 394 million Euro Food Facility funding actions contain five overlapping countries, namely Kenya, Burundi, Palestine, Philippines, and Mozambique.

15. With only 240 million Euro in additional funds, the majority of funding for the Food Facility now comes from existing EC budget line items. Member states and Parliament earmarked emergency response budget allocations to supply the remaining 760 million Euro over the next three years, drawing specifically on the Emergency Aid Reserve (ordinarily managed by ECHO, the humanitarian assistance arm of the EC), the Flexibility Instrument (designed to respond to international emergencies), and on the Stability Instrument (ordinarily focused on security and post-conflict situations).

16. COMMENT: The Commission initially had high hopes that the Food Facility would provide an immediate infusion of new capital to feed into the larger EU response to the food price crisis without having to draw on already existing budget line items. Even though the Commission was not able to convince EU Member States to

donate their surplus agriculture support funds to address the international food crisis, they were able to leverage their initial announcement and plans with the international media and donors. The Commission referenced Food Facility plans through the end of 2008, providing much needed coverage from international criticism on the lack of resources for food security. Ultimately, roughly 75 percent of the Facility's funds come from existing emergency response budgets, with the remaining 25 percent representing truly new resources. While drawing on these funds will inevitably hamper the EC's ability to respond to unforeseen emergency needs over the coming months, it does give them considerably more resources for programming specifically related to more long-term agricultural development. END COMMENT

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